



National Child Care Information Center

A service of the Child Care Bureau



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FINANCING EARLY CARE and EDUCATION: LOCAL INITIATIVES

The following organization and resources have information about local innovative approaches to increase investment and to improve the quality of child care.

National Organization

- **National League of Cities (NLC)**
Institute for Youth, Education, and Families (IYEF)
1301 Pennsylvania Avenue NW, Suite 550
Washington, DC 20004
202-626-3000
World Wide Web: <http://www.nlc.org>

NLC provides a wide range of programs and services to strengthen the ability of city officials to serve their communities. NLC has also focused research, technical assistance, and publications with the aim of expanding NLC's capacity to provide resources and information to local officials. IYEF launched by NLC in January 2000, helps municipal leaders take action on behalf of the children, youth, and families in their communities. The following materials have been produced by NLC:

- *Strengthening America's Families in America's Cities: Afterschool Programs* (2003), by Cheryl Katz, Christopher Hoene, Dylan Nicole de Kervor, National League of Cities, presents findings on after-school programs as part of the National League of Cities' Strengthening Families Survey, conducted in 2002 and 2003. Findings from 501 cities indicate that after school programs remain a top priority for municipal officials. Medium and large cities have increased financial investments in after school programs. Small cities (under 50,000) have increased dedication to after school issues since the 1995-1996 survey. While funding has increased in some cities, improvements can be made in the area of municipal involvement. Compared to the 1995-1996 survey, an increased number of cities have no involvement in after school. The *Strengthening Families Questionnaire* and results are appended. This resource is available on the Web at http://www.nlc.org/nlc_org/site/files/pdf/afterschool_03.pdf.
- *Strengthening Families in America's Cities: Early Childhood Development* (2003), by Cheryl Katz, Christopher Hoene, and Dylan Nicole de Kervor, National League of Cities, presents findings on issues affecting children and families in America's communities from the National League of Cities' Strengthening Families in America's Cities Survey. The survey of municipal elected officials was conducted from November 2002 to March 2003, and represents 501 cities nationwide. Findings show that child care and early learning opportunities are seen as critical needs in many American cities. Despite the fact

that early childhood programming has not traditionally been a municipal function, about four out of ten city officials report dedicating funds to early childhood development. According to municipal officials, the top three reasons for investing in early childhood development include: (1) children who enter school healthy and ready to learn tend to receive better grades and have fewer behavioral problems; (2) it is a moral responsibility to take care of young children; and (3) children who have positive early experiences are less likely to become juvenile delinquents. City officials express strong support for Federal policies benefiting families with young children. Policies include: (1) provide affordable, quality child care for all children; (2) provide a preschool education for all children; (3) provide child care assistance for low-income working families; and (4) provide early intervention and treatment for children with disabilities. This resource is available on the Web at http://www.nlc.org/nlc_org/site/files/pdf/echildhood.pdf.

- “Supporting Early Childhood Success,” (2003) *Action Kit for Municipal Leaders* Issue Number 6, by the National League of Cities, outlines a wide range of steps that municipal leaders can take to support parents and promote early childhood success. The Action Kit provides examples of initiatives current in place in several cities throughout the country. This resource is available on the Web at http://www.nlc.org/nlc_org/site/files/reports/EarlyChildcare.pdf.
- Examples Database: Early Childhood Development (Posted: April 7, 2003), provides program descriptions, selected from the Examples of Programs for Cities database, illustrate how cities are addressing early childhood education and development issues in their communities. NLC’s Institute for Youth Education and Families is the source of this information. This information is available on the Web at http://www.nlc.org/nlc_org/site/newsroom/nations_cities_weekly/display.cfm?id=0EC43AA3-1C8C-43FD-B097C953EAED10E6.
- *2002 Futures Report: Our Children, Our Future: Promoting Early Childhood Success in America’s Cities & Towns* (2002), by The National League of Cities, indicates that children’s early years are a once-in-a-lifetime opportunity to put them on the right track to success in school and in life. Early childhood success benefits entire communities in areas of economic development, crime prevention, and family stability. The NLC Advisory Council strongly believes that promoting early childhood success is a very effective means for reducing the economic, racial, and ethnic disparities that continue to polarize many cities and towns. Promoting early childhood success can become a strategy for creating better schools, a stronger workforce, more stable families, enhanced opportunities for economic development, and lower crime rates. A statistical portrait of children and families in America is presented. Promoting early childhood success means: helping parents gain access to the information, tools, and supports they need to get their children off to a good start in life; promoting child health and safety; and expanding access to high-quality child care and early learning opportunities. Examples are presented of how cities and towns across the country are addressing these issues. This resource is available on the Web at http://www.nlc.org/nlc_org/site/files/reports/futures02.pdf.
- Examples Database: Early Childhood Success (posted August, 2002), by Abby Hughes Holsclaw and Cy Behrooz, provides program descriptions, selected from the Examples

of Programs for Cities database, that illustrate how cities are building quality communities by investing in early childhood success. The examples listed are specifically from cities engaged in the Municipal Leadership for Early Care and Education City Network hosted by NLC's Institute for Youth, Education, and Families (IYEF). This information is available on the Web at

http://www.nlc.org/nlc_org/site/newsroom/nations_cities_weekly/display.cfm?id=0DA1058-21D3-4961-84F2BE805A639C68.

- “Expanding Afterschool Opportunities” (2001), *Action Kit for Municipal Leaders*, Issue Number 4, by the National League of Cities, illustrates the many ways in which municipal leaders can expand after-school opportunities, and in the process, advance the goals of public safety, academic achievement, and youth development in their cities. After-school programs promote learning, keep children and youth out of trouble, and meet the needs of working parents. A diverse set of organizations provide these recreational and expanded learning opportunities: schools; libraries; museums; faith-based and community-based organizations; police departments; and city and county departments of youth services, parks and recreation, health, and workforce development. An effective after school system depends upon a strong set of community partnerships. Advice is offered on strategies to promote partnerships. The issues of improving quality and broadening access to after-school programs are addressed. A long-term financing plan is essential to the success and sustainability of a citywide after-school system. Thirteen after school programs are described. This resource is available on the Web at http://www.nlc.org/nlc_org/site/files/reports/afterschool.pdf.

For additional information on NLC's involvement in early childhood success, contact Kirsta Millar at the Institute for Youth, Education, and Families (IYEF) at 202-626- 3004, e-mail millar@nlc.org, or look on the Web at http://www.nlc.org/nlc_org/site/programs/institute_for_youth_education_and_families/index.cfm.

Additional Publications

■ *What Does Government Spend on Children? Evidence from Five Cities* (2004), by Charles Brecher, Cynthia Searcy, Diana Silver, and Beth Weitzman, by the Center on Urban and Metropolitan Policy, Brookings Institution, examines public spending on children between 1997 and 2000 in five localities: Baltimore, Detroit, Oakland (CA), Philadelphia, and Richmond (VA). These cities participate in the Urban Health Initiative (UHI), a ten-year Robert Wood Johnson Foundation program aimed at improving health and safety for young people in these cities. Regarding child care spending, the report states:

Child care spending (which we define to include both after-school and pre-school programs) grew exceptionally in the UHI cities during the late 1990s. In 1997, child care was only a minor spending purpose, accounting for between 1 and 4 percent of total public spending for children's services in the five cities. As shown in Figure 2, in the next three years, expenditures for child care (again measured on a per-child, constant-dollar basis) rose very rapidly in four of the five cities, from 68 percent in Philadelphia to 151 percent in Detroit (Baltimore's rise was

more modest at 15 percent). As a consequence, the share of total children's spending devoted to child care ranged from 3 to 6 percent in 2000. (page 9)

This resource is available on the Web at

http://www.brookings.edu/urban/publications/20040318_brecher.htm.

■ *Child Care Financing Matrix* (August 2003), by Karen Edwards and Louise Stoney, published by Policy Research Services, presents ideas for financing child care. Headings include: "New Public Revenue," "Existing Revenue," "Public-Private Partnerships," "Child Care Facilities," "Private Sector," "How it Works," "Examples," "Potential Uses," and "Dollars Generated." Suggestions under the heading "New Public Revenue" include: local property taxes, State and local sales taxes, "sin" taxes, State income taxes, corporate income taxes, property tax abatements to local industry, fees and lotteries. "Existing Revenue" includes: State education funds, State human service funds, State health care funds, higher-education funds, crime prevention and criminal justice funds, and local government. "Private Sector" includes: employers, unions, community-based philanthropy, and foundations. This resource is available on the Web at <http://nccic.org/pubs/ccfinancingmatrix.html>.

■ *Financing Early Care and Education: A Primer for County Leaders* (2003), by Louise Stoney, prepared for the National Association of Counties (NACo), provides a brief overview of early care and education finance from the perspective of local elected officials. It is noted that local officials do not always need to spend money in order to have an impact. There are several low-cost ways that county leaders can be involved in early care and education finance: (1) they can bring funders and programs together to forge a coordinated financing strategy; (2) they can help to focus dollars where they are most needed, provide vital, local data to guide planning, and help develop policies that link funds to accountability and quality; and (3) they can encourage the kind of strategic thinking that leverages additional funds from outside sources. A description is provided of the following key State and Federal funding sources that can be used to support early care and education services: (1) the Child Care and Development Fund (CCDF), (2) Temporary Assistance to Needy Families (TANF), (3) the Social Services Block Grant (SSBG), (4) Head Start and Early Head Start, (5) Medicaid, (6) the State Child Health Insurance Program (SCHIP), (7) the Maternal and Child Health Services Block Grant (Title V), (8) Child Welfare Services (Title IV-B), (9) State Prekindergarten, (10) the Child and Adult Care Food Program (CACFP), (11) State-Driven Community Early Childhood Initiatives, (12) the Federal Early Learning Opportunity Act (ELOA), (13) local tax levy, (14) private sector, and (15) individual tax benefits. These funding sources may be used to support a range of early childhood programs, including center-based and home-based child care and home visiting. Ways that county leaders can become involved in early care and education finance are described. County examples also are included. This resource is available on the Web at <http://www.earlychildhoodfinance.org/handouts/NACOArticle.pdf>.

■ *A Catalog of Tax-Based Approaches for Financing Child Care* (November 2001), by the National Women's Law Center (NWLC), explores a wide array of tax-based strategies, including several mechanisms that are already used to help finance child care and that could be expanded, as well as methods that exist in other fields but could be adapted to the child care context. Most of the mechanisms examined focus primarily on increasing the supply or the affordability of child care, but many of them also affect quality, indirectly if not directly. This paper explains

each of the approaches discussed and identifies some advantages and disadvantages of each model. This resource is available on the Web at <http://www.nwlc.org/pdf/ACatalogOfTaxBasedApproachesForFinancingChildCareAndAppendixRev.pdf>.

■ *Financing the Early Childhood Education System* (April 2001), published by the National Association for the Education of Young Children (NAEYC), is intended to help NAEYC members and the public be conversant in the discussions at the local, State, and Federal levels regarding the mechanisms and initiatives for financing a system of early childhood education in every State and community. This resource is available on the Web at http://www.naeyc.org/childrens_champions/criticalissues/financing-policy-brief.pdf.

■ *Financing Child Care in the United States: An Expanded Catalog of Current Strategies* (2001), by Anne Mitchell, Louise Stoney, and Harriet Dichter, sponsored by the Ewing Marion Kauffman Foundation, is a compendium of innovative public- and private-sector strategies for financing child care services, including different strategies for generating new revenue and increasing current revenue. Each strategy is illustrated by in-depth profiles and analyses of current State/local initiatives. This publication is available on the Web at <http://www.emkf.org/pdf/childcare2001.pdf>.

■ *How to Pay for Child Care? Local Innovations Help Working Families* (2001), by Policy Analysis for California Education (PACE), draws from data obtained through the Growing Up in Poverty Project (GUP), a research effort that recently found highly variable rates of eligible parents using child care subsidies across five study sites in California, Connecticut, and Florida. This research revealed uneven participation in center-based and child-care voucher programs. The document provides background information about the nature and importance of child-care assistance under welfare reform, discusses possible reasons for low levels of parents' use of subsidies, and presents an array of strategies devised by local agencies to increase subsidy utilization. This resource is available on the Web at http://www-gse.berkeley.edu/research/PACE/POLICY_BRIEF.01-1.pdf. For additional information, contact PACE at 510-642-7223.

■ *Financing Child Care in the United States: An Illustrative Catalog of Current Strategies: The Financing Challenge*, (1997) by Anne Mitchell, Louise Stoney, and Harriet Dichter, sponsored by the Ewing Marion Kauffman Foundation, is a 130-page compendium of innovative public- and private-sector strategies for financing child care services, including different strategies for generating new revenue and increasing current revenue. Each strategy is illustrated by in-depth profiles and analyses of current State/community initiatives. This resource is available on the Web at <http://nccic.org/pubs/financing-cc/index.html>.

The National Child Care Information Center does not endorse any organization, publication, or resource.

Updated May 2004